

Auditing Procedures Report

Issued under P.A. 2 of 1968, as amended and P.A. 71 of 1919, as amended.

Local Unit of Government Type <input type="checkbox"/> County <input type="checkbox"/> City <input checked="" type="checkbox"/> Twp <input type="checkbox"/> Village <input type="checkbox"/> Other		Local Unit Name Greenwood Township	County Lapeer County
Fiscal Year End March 31, 2007	Opinion Date June 6, 2007	Date Audit Report Submitted to State June 16, 2007	

We affirm that:

We are certified public accountants licensed to practice in Michigan.

We further affirm the following material, "no" responses have been disclosed in the financial statements, including the notes, or in the Management Letter (report of comments and recommendations).


YES
NO

Check each applicable box below. (See instructions for further detail.)

1. ☒ ☐ All required component units/funds/agencies of the local unit are included in the financial statements and/or disclosed in the reporting entity notes to the financial statements as necessary.
2. ☒ ☐ There are no accumulated deficits in one or more of this unit's unreserved fund balances/unrestricted net assets (P.A. 275 of 1980) or the local unit has not exceeded its budget for expenditures.
3. ☒ ☐ The local unit is in compliance with the Uniform Chart of Accounts issued by the Department of Treasury.
4. ☒ ☐ The local unit has adopted a budget for all required funds.
5. ☒ ☐ A public hearing on the budget was held in accordance with State statute.
6. ☒ ☐ The local unit has not violated the Municipal Finance Act, an order issued under the Emergency Municipal Loan Act, or other guidance as issued by the Local Audit and Finance Division.
7. ☒ ☐ The local unit has not been delinquent in distributing tax revenues that were collected for another taxing unit.
8. ☒ ☐ The local unit only holds deposits/investments that comply with statutory requirements.
9. ☒ ☐ The local unit has no illegal or unauthorized expenditures that came to our attention as defined in the *Bulletin for Audits of Local Units of Government in Michigan*, as revised (see Appendix H of Bulletin).
10. ☒ ☐ There are no indications of defalcation, fraud or embezzlement, which came to our attention during the course of our audit that have not been previously communicated to the Local Audit and Finance Division (LAFD). If there is such activity that has not been communicated, please submit a separate report under separate cover.
11. ☒ ☐ The local unit is free of repeated comments from previous years.
12. ☒ ☐ The audit opinion is UNQUALIFIED.
13. ☒ ☐ The local unit has complied with GASB 34 or GASB 34 as modified by MCGAA Statement #7 and other generally accepted accounting principles (GAAP).
14. ☒ ☐ The board or council approves all invoices prior to payment as required by charter or statute.
15. ☒ ☐ To our knowledge, bank reconciliations that were reviewed were performed timely.

If a local unit of government (authorities and commissions included) is operating within the boundaries of the audited entity and is not included in this or any other audit report, nor do they obtain a stand-alone audit, please enclose the name(s), address(es), and a description(s) of the authority and/or commission.

I, the undersigned, certify that this statement is complete and accurate in all respects.

We have enclosed the following:	Enclosed	Not Required (enter a brief justification)	
Financial Statements	<input checked="" type="checkbox"/>		
The letter of Comments and Recommendations	<input checked="" type="checkbox"/>		
Other (Describe)	<input type="checkbox"/>		
Certified Public Accountant (Firm Name) Lehn L. King, C.P.A.		Telephone Number 989-635-3113	
Street Address 3531 Main Street		City Marlette	State MI
Zip 48453			
Authorizing CPA Signature 	Printed Name Lehn King		License Number A248781

Township of Greenwood

St. Clair County, Michigan

Audited Financial Report
March 31, 2007

LEHN L. KING
CERTIFIED PUBLIC ACCOUNTANT

3531 MAIN STREET
MARLETTE, MICHIGAN 48453

Phone 989-635-3113
Fax 989-635-5580

June 7, 2007

Members of the Township Board
Township of Greenwood
St. Clair County, Michigan

Members of the Township Board:

In accordance with your request, I have made an examination of the financial statements of Greenwood Township for the fiscal year ended March 31, 2007. During the course of my examination, the following item came to my attention:

1.) An important part of safe guarding township assets is to follow procedures and guidelines per the Michigan Local Government Unit. The treasurer is to collect and receipt all funds received by the township. When the inspectors complete the permit and determine the amount due, the applicant should remit the funds and a copy of the pre-numbered permit directly to the office of the township treasurer. The permits should be preprinted and numbered so that the clerk's office can account for all permits used by the township. If the township follows these procedures, it should substantially strengthen the internal control regarding the issuing of township permits

From an overall viewpoint, the Greenwood Township is in good financial condition. I thank the Township officials for the cooperation I received in the completion of this examination. Should you have any questions in connection with the above, please contact me at your convenience.

Sincerely,

Lehn King

Lehn L. King
Certified Public Accountant

Township of Greenwood
Annual Financial Report
For The Fiscal Year Ended March 31, 2007

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LEHN L. KING

CERTIFIED PUBLIC ACCOUNTANT

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MARLETTE, MICHIGAN 48453

Phone 989-635-3113

Fax 989-635-5580

Members of the Township Board

Greenwood Township

St. Clair County, Michigan

Independent Auditor's Report

I have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Township of Greenwood, Michigan as of and for the year ended March 31, 2007, which collectively comprise the Township's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Township of Greenwood, Michigan's management. My responsibility is to express opinions on these financial statements based on my audit.

I conducted the audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that the audit provides a reasonable basis for my opinions.

In my opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Township of Greenwood, Michigan as of March 31, 2007, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

The management's discussion and analysis, and the budgetary comparison schedules, as identified in the table of contents, are not a required part of the basic financial statements but are supplemental information required by the Governmental Accounting Standards Board. I have applied certain limited procedures, which consisted principally of inquiries of management, regarding the methods of measurement and presentation of the required supplemental information. However, I did not audit the information and express no opinion on it.

The Audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Township of Greenwood, Michigan's basic financial statements. The accompanying other supplemental information, as identified in the table of contents, is presented for the purpose of additional analysis and is not a required part of the basic financial statements. The other supplemental information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in my opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

As described in Note 1, the Township implemented a new financial reporting model, as required by the provisions of GASB Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments*, and related statements, as of April 1, 2004.

Lehn King

Lehn L. King

Certified Public Accountant

June 6, 2007

Township of Greenwood

Avoca, Michigan

MANAGEMENT'S DISCUSSION AND ANALYSIS LETTER

Our discussion and analysis of the Township of Greenwood's financial performance provides an overview of the Township's financial activities for the fiscal year ended March 31, 2007. Please read it in conjunction with the Township's financial statements.

Financial Highlights

The Township is in a good financial position with a General Fund Balance of \$460,197.

However, the Township budget for the upcoming year could experience expenditures exceeding the revenues, thus, using up some of the current fund balance. The State anticipates cutting State Shared Revenues; and costs for Fire Protection, Road Maintenance, Insurance and other Township activities are rising. So, even though the Township is in stable financial position, good financial planning is necessary for the future years.

Using this Report

This annual report is presented in a format consistent with the presentation requirements of the Governmental Accounting Standards Board (GASB) Statement No.34. GASB Statement 34 implements a new model of financial reporting for state and local governments designed to enhance the usefulness of the Township's annual report.

The Township as a Whole

The Township of Greenwood's fund balances are as follows:

	<u>2007</u>
General Fund	\$ 460,197
Bulding Inspection Fund	<u>5,732</u>
Total for Township	<u><u>\$ 465,929</u></u>

Township of Greenwood

Avoca, Michigan

Governmental Activities

The Township of Greenwood's Revenues and Expenditures can be summarized as follows:

Property Taxes	374,017	-	374,017
Intergovernmental Revenue	99,109	-	99,109
Permits & Fees	14,246	11,288	25,534
Loan Proceeds	-	-	-
Other	29,078	-	29,078
Total Revenue Collected	<u>516,450</u>	<u>11,288</u>	<u>527,738</u>
Expenditures			
General Government	130,810	-	130,810
Public Safety	76,034	13,017	89,051
Public Works	269,970		269,970
Recreation & Culture	11,581	-	11,581
Other Functions	25,389	-	25,389
Capital Outlay	-	-	-
Debit Service-Prin.	70,757		70,757
Debit Service-Int.	3,672		3,672
Total Expenditures	<u>588,213</u>	<u>13,017</u>	<u>601,230</u>
Fund Balance - End of Year	<u><u>\$ 460,197</u></u>	<u><u>\$ 5,732</u></u>	<u><u>\$ 465,929</u></u>

Township of Greenwood

Avoca, Michigan

Economic Factors and Next Year's Budget and Rates

The Township of Greenwood's 2007/2008 adopted budget is as follows:

	General Fund		Building Inspection Fund	
	March 31,		March 31,	
	2008	2007	2008	2007
Budgeted Balance Forward	531,960	621,633		
Revenue				
Property Taxes	360,000	360,000	-	-
Intergovernmental Revenue	85,000	90,000	-	-
Charges for Services	7,000	5,000	20,000	20,000
Sale of Capital Assets	-	-	-	-
Other	13,815	10,815	-	-
Total Funds Available	997,775	1,087,448	20,000	20,000
Expenditures				
General Government	260,768	389,968	-	-
Public Safety - Fire	80,000	86,000	-	-
Public Safety - Building Department	-	-	25,294	25,500
Public Safety - Other	22,700	21,700	-	-
Public Works - Roads & Drains	295,863	323,039	-	-
Public Works - Other	60,000	48,000	-	-
Parks & Recreation	30,000	12,000	-	-
Other Functions	34,300	38,500	-	-
Capital Outlay	-	-	-	-
Transfers	-	-	-	-
Total Expenditures	783,631	919,207	25,294	25,500
Net Over/Under Budget	\$ 214,144	\$ 168,241	\$ (5,294)	\$ (5,500)

The Township of Greenwood's General Fund budget for next year is approximately the same budget as a year ago.

Contacting the Township

This report is designed to provide our citizens, taxpayers, customers and creditors with a general overview of the Township's finances and to demonstrate the Township's accountability for the money it receives. If you have any questions about this report or need additional financial information, contact the Township office at 9025 Yale Road, Avoca, Michigan or by telephone at (810) 387-4044.

Terry A. Gill
Township of Greenwood Supervisor

Township of Greenwood

Statement of Net Assets (Deficit)

March 31, 2007

	<u>Primary Government</u> <u>Governmental</u> <u>Activities</u>
<u>Assets</u>	
Cash & Cash Equivalents	\$ 447,571.95
Accounts Receivable	19,444.14
Due From Others	4,349.51
Due From Other Funds	1,447.26
Capital Assets	
Nondepreciable Capital Assets	117,657.00
Net Depreciable Capital Assets	<u>748,939.40</u>
Total Assets	1,339,409.26
<u>Liabilities</u>	
Accounts Payable	\$ 6,884.19
Current Portion of Long-Term Debt	62,490.86
Long-Term Debt	<u>-</u>
<u>Total Liabilities</u>	<u>69,375.05</u>
Net Assets (Deficit)	
Invested in Capital Assets - Net of Related Debt	804,105.54
Unrestricted	<u>465,928.67</u>
<u>Total Net Assets (Deficit)</u>	<u><u>\$ 1,270,034.21</u></u>

The notes are an integral part of the statements.

Township of Greenwood

Statement of Activities
For the Year Ended March 31, 2007

		Program Revenues			Net (Expense) Revenue & Changes in Net Assets	
		Charges for	Operating	Capital	Primary Government	
	Expenses	Services	Grants & Contributions	Grants & Contributions	Governmental Activities	
<u>Functions/Programs</u>						
Primary Government:						
Governmental Activities:						
General Government	\$ 164,859.47	\$ -	\$ -	\$ -	\$	(164,859.47)
Public Safety	108,858.63	25,534.67	-	-		(83,323.96)
Public Works	269,969.93	-	-	-		(269,969.93)
Recreation & Culture	12,546.57	-	-	-		(12,546.57)
Interest on Long-Term Debt	3,672.35	-	-	-		(3,672.35)
<u>Total Governmental Activities</u>	<u>559,906.95</u>	<u>25,534.67</u>	<u>-</u>	<u>-</u>		<u>(534,372.28)</u>
General Revenues:						
Property Taxes					\$	374,016.84
Intergovernmental Revenues						99,109.47
Interest						12,483.74
Other Revenues						16,593.26
Transfers						-
Total General Revenues, Special Items & Transfers						<u>502,203.31</u>
Change in Net Assets						(32,168.97)
Net Assets (Deficit) - Beginning of Year						<u>1,302,203.18</u>
Net Assets (Deficit) - End of Year					\$	<u>1,270,034.21</u>

The notes are an integral part of the statements.

Township of Greenwood

Balance Sheet
Governmental Funds
March 31, 2007

	General Fund	Building Inspection Fund	Total Governmental Funds
<u>Assets</u>			
Cash & Cash Equivalents	\$ 441,839.78	\$ 5,732.17	\$ 447,571.95
Property Taxes Receivable	19,444.14	-	19,444.14
Due To Others	4,349.51	-	4,349.51
Due From Other Funds	1,447.26	-	1,447.26
<u>Total Assets</u>	<u>\$ 467,080.69</u>	<u>\$ 5,732.17</u>	<u>\$ 472,812.86</u>
<u>Liabilities & Fund Equity</u>			
<u>Liabilities</u>			
Accounts Payable	\$ 6,884.19	\$ -	\$ 6,884.19
Due To Other Governmental Units	-	-	-
<u>Total Liabilities</u>	<u>6,884.19</u>	<u>-</u>	<u>6,884.19</u>
<u>Fund Equity</u>			
Fund Balances:			
Unreserved - Undesignated	460,196.50	5,732.17	465,928.67
<u>Total Fund Equity</u>	<u>460,196.50</u>	<u>5,732.17</u>	<u>465,928.67</u>
<u>Total Liabilities & Fund Equity</u>	<u>\$ 467,080.69</u>	<u>\$ 5,732.17</u>	<u>\$ 472,812.86</u>

The notes are an integral part of the statements.

Township of Greenwood
Governmental Funds
Reconciliation of Fund Balances to the
Statement of Net Assets (Deficit)
For The Year Ended March 31, 2007

Total Fund Balances for Governmental Funds & Equipment Fund	\$ 465,928.67
Amounts reported for governmental activities in the statement of net assets (deficit) are different because:	
Capital Assets used in Governmental Activities are not financial resources and are not reported in the Funds	866,596.40
Long-term bonds payable are not due and payable in the current period and are not reported in the Funds	(62,490.86)
Accrued Interest Payable is not reported in the Funds	<u>-</u>
Net Assets of Governmental Activities	<u><u>\$ 1,270,034.21</u></u>

The notes are an integral part of the statements.

Township of Greenwood

Statement of Revenues, Expenditures And Changes in Fund Balances Governmental Funds For The Year Ended March 31, 2007

	General Fund	Building Inspection Fund	Total Governmental Funds
<u>Revenues</u>			
Property Taxes	\$ 374,016.84	\$ -	\$ 374,016.84
Intergovernmental Revenues	99,109.47	-	99,109.47
Licenses, Permits, & Fees	14,246.49	11,288.18	25,534.67
Interest Earnings	12,483.74	-	12,483.74
Loan Proceeds	-	-	-
Hall Rent	1,650.00	-	1,650.00
Other Revenues	14,943.26	-	14,943.26
<u>Total Revenues</u>	<u>516,449.80</u>	<u>11,288.18</u>	<u>527,737.98</u>
<u>Expenditures</u>			
General Government	130,809.92	-	130,809.92
Public Safety	76,033.81	13,016.82	89,050.63
Public Works	269,969.93	-	269,969.93
Recreation & Culture	11,580.57	-	11,580.57
Other Functions	25,389.25	-	25,389.25
Capital Outlay	-	-	-
Debt Service - Principal	70,757.38	-	70,757.38
Debt Service - Interest	3,672.35	-	3,672.35
<u>Total Expenditures</u>	<u>588,213.21</u>	<u>13,016.82</u>	<u>601,230.03</u>
<u>Excess of Revenues Over (Under) Expenditures</u>	(71,763.41)	(1,728.64)	(73,492.05)
<u>Other Financing Sources (Uses)</u>			
Transfers In (Out)	-	-	-
<u>Net Change in Fund Balances</u>	(71,763.41)	(1,728.64)	(73,492.05)
<u>Fund Balances - Beginning of Year</u>	531,959.91	7,460.81	539,420.72
<u>Fund Balances - End of Year</u>	<u>\$ 460,196.50</u>	<u>\$ 5,732.17</u>	<u>\$ 465,928.67</u>

The notes are an integral part of the statements.

Township of Greenwood
Governmental Funds
Reconciliation of Statement of Revenues, Expenditures,
and Changes in Fund Balances of Governmental Funds
to the Statement of Activities
For The Year Ended March 31, 2007

Net Change in Fund Balances - Total Governmental Funds & Equipment Fund \$ (73,492.05)

Amounts reported for Governmental Activities in the Statement of
Activities are different because:

Governmental Funds report Capital Outlays as Expenditures;
in the Statement of Activities, these costs are capitalized and
allocated over their estimated useful lives as Depreciation -

Repayment of Bond Principal is an Expenditure in the Governmental
Funds, but not in the Statement of Activities (where it
reduces Long-Term Debt) 70,757.38

Loan Proceeds are recognized as revenue in the Governmental Funds,
but not in the Statement of Activities -

Depreciation is an Expenditures for the Statement of
Activities, but is not reported in the Governmental Funds (29,434.30)

Net Assets of Governmental Activities \$ (32,168.97)

The notes are an integral part of the statements.

Township of Greenwood

Statement of Net Assets (Deficit)

Fiduciary Funds

31-Mar-07

	Fiduciary Fund Type	Totals March 31, 2007
<u>Assets</u>	Current Tax Collection Fund	
Cash - Savings & Certificates	\$ 1,444.26	\$ 1,444.26
<u>Total Assets</u>	<u>\$ 1,444.26</u>	<u>\$ 1,444.26</u>
<u>Liabilities & Fund Balance</u>		
<u>Liabilities</u>		
Due To General Fund	\$ 1,444.26	\$ 1,444.26
<u>Total Liabilities</u>	<u>1,444.26</u>	<u>1,444.26</u>
<u>Fund Balances</u>		
Unreserved & Undesignated	-	-
<u>Total Fund Balances</u>	<u>-</u>	<u>-</u>
<u>Total Liabilities & Fund Balances</u>	<u>\$ 1,444.26</u>	<u>\$ 1,444.26</u>

The notes are an integral part of the statements.

Township of Greenwood

Notes to the Financial Statements
For The Year Ended March 31, 2007

The accounting methods and procedures adopted by the Township of Greenwood, St. Clair County, Michigan, conform to generally accepted accounting principles as applied to governmental entities. The following notes to the financial statements are an integral part of the Townships Comprehensive Annual Financial Report.

1. Summary of Significant Accounting Policies

Financial Reporting Entity

The Township of Greenwood was incorporated under the laws of the State of Michigan and operates as a General Law Township, with a Township Board form of government. As required by generally accepted accounting principles, the financial statements of the reporting entity include those of the Township of Greenwood (the primary government) and its component units. The component units discussed below are included in the Township reporting entity because of the significance of their operational or financial relationships with the Township.

Government-wide and Fund Statements Fund

The Government-wide Financial Statements (i.e., the Statement of Net Assets (Deficit) and the Statement of Activities) report information on all the nonfiduciary activities of the Township (the primary government). The effect of interfund activity has been removed from these statements. Governmental activities, normally supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

The statement of activities demonstrates the degree to which the direct expenses of a given function (governmental activities) or identifiable activity (business-type activities) are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or activity. Program revenues include: (1) charges to customers or applicants who purchase, use or directly benefit from goods, services, or privileges provided by a given function or activity; and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or activity. Taxes and other revenue items properly excluded from program revenues are reported as general revenue.

Separate financial statements are provided for governmental funds, and Fiduciary Funds, even though the latter are excluded from the Government-wide Financial Statements. Major individual governmental funds are reported as separate columns in the fund financial statements.

The Township reports the following major governmental funds:

General Fund - The General Fund is the Township's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

Building Inspection Fund – The fund is setup for the monitoring of Township construction. It is primarily funded through the collection of permits for the various types of construction.

Additionally, the Township reports the following fund types:

Trust & Agency Funds - The Trust & Agency Fund accounts for assets held by the Township in a trustee capacity or as an agent for individuals, organizations, or other governments.

Township of Greenwood

Notes to the Financial Statements
For The Year Ended March 31, 2007

1. Summary of Significant Accounting Policies - Continued

Measurement Focus and Basis of Accounting

The Government-wide Financial Statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements. Revenue is recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenue in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental Fund Financial Statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized in the accounting period in which they become susceptible to accrual - that is, when they become both measurable and available. Revenue is considered to be available if it is collected within the current period or soon enough thereafter to pay liabilities of the current period, generally collected within 60 days of the end of the current fiscal period. Revenues susceptible to accrual include property taxes, intergovernmental revenues, special assessments, licenses, charges for services, and interest. All other revenue items are considered to be available only when cash is received by the Township. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, and claims and judgments are recorded only when payment is due.

Cash - The Township does not pool cash resources of its various funds to facilitate the management of cash. Cash applicable to a particular fund is readily identifiable. The balance in the cash accounts is available to meet current operating requirements. Cash in excess of current requirements is invested in various interest-bearing securities and disclosed as part of the Township's investments.

Investments - Debt securities are valued at cost since it is generally the policy of the Township to hold such investments until they mature.

Due to and Due from Other Funds - Interfund receivables and payables arise from interfund transactions and are recorded by all funds affected in the period in which transactions are executed.

Property Tax Revenues - Property taxes are levied on December 1 based on the assessed value of property as listed on the previous December 31. Assessed values are an approximation of market value. A revaluation of all real property must be made every year.

Vacation, Sick Leave, & Other Compensated Absences - The Township does not have any contracts or agreements with its employees or elected officials which require the payment of compensation during absence from duty nor do any such benefits vest to the right of the employee or elected official.

Inventories and Prepaid Items - Certain payments to vendors reflect costs applicable to future fiscal years and are recorded as prepaid items in both Government-wide and Fund Financial Statements.

Capital Assets - Capital assets, which include buildings and equipment, are reported in the applicable governmental column in the Government-wide Financial Statements. Capital assets are defined by the Township as assets with an initial individual cost of more than \$5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

Capital assets are depreciated using the straight-line method over the following useful lives:

Buildings & Building Improvements	10 to 50 years
Machinery & Equipment	3 to 25 years

Township of Greenwood

Notes to the Financial Statements
For The Year Ended March 31, 2007

1. Summary of Significant Accounting Policies - Continued

Long-Term Obligations - In the Government-wide Financial Statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund statement of net assets. Bond premiums and discounts, issuance costs, and the deferred amount on refunding are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount and deferred amount on refunding. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts are reported as other financing uses. Issuance costs are reported as debt service expenditures.

Fund Equity - In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

Use of Estimates - The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the period. Actual results could differ from those estimates.

Accounting Changes

GASB Statement No. 34 – Effective April 1, 2004, the Township implemented the provisions of Governmental Accounting Standards Board Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments* (GASB No. 34). Changes to the Township's financial statements as a result of GASB No. 34 are as follows:

- A management's discussion and analysis (MD&A) section providing analysis of the Township's overall financial position and results of operations has been included.
- Government-wide Financial Statements (statement of net assets (deficit) and statement of activities) prepared using full accrual accounting for all of the Township's activities have been provided.
- Capital assets in the governmental activities column of the statement of net assets (deficit) includes assets not previously accounted for by the Township. In addition, the governmental activities column includes bonds and other long-term obligations, previously reported in the General Long-term Debt Account Group.
- The fund financial statements focus on major funds rather than fund types.

Township of Greenwood

Notes to the Financial Statements
For The Year Ended March 31, 2007

2. Stewardship, Compliance, and Accountability

Budgetary Information

The Township is legally subject to the budgetary control requirements of State of Michigan P.A. 621 of 1978 (the Uniform Budgeting Act). The following statements represent a brief synopsis of the major provisions of this Act:

1. Prior to April 1, the Township Supervisor submits to the Township Board a proposed operating budget for the fiscal year commencing April 1. The operating budget includes proposed expenditures and the means of financing them.
2. Public hearings are conducted to obtain taxpayer comments.
3. Prior to April 1, the budget is legally enacted.
4. The budget is used by the Township Board as a management tool during the year for all budgetary funds. The budgets are adopted on a cash basis which is not consistent with generally accepted accounting principles. Budgetary control is exercised at the departmental level.
5. Budget amounts are as originally adopted, and as amended by the Township Board.

In the body of the financial statements, the Township actual expenditures and budgeted expenditures for the budgetary funds have been shown on a functional basis. The approved budget was adopted to the department level. Budgets for these funds are shown in the supplemental schedules to this statement.

During the year ended March 31, 2007, the Township incurred expenditures in certain budgetary funds which were in excess of the amounts appropriated, as follows:

	<u>Total</u> <u>Appropriations</u>	<u>Amount of</u> <u>Expenditures</u>	<u>Budget</u> <u>Variance</u>
None			

Township of Greenwood

Notes to the Financial Statements
For The Year Ended March 31, 2007

3. Cash and Investments

Michigan Compiled Laws, Section 129.91, authorizes the Local Unit to deposit and invest in the accounts of Federally insured banks, credit unions, and savings and loan associations; bonds, securities and other direct obligations of the United States, or any agency or instrumentality of the United States; United States government or Federal agency obligation repurchase agreements; bankers' acceptance of United States banks; commercial paper rated by two standard rating agencies within the two highest classifications, which mature not more than 270 days after the date of purchase; obligations of the State of Michigan or its political subdivisions which are rated investment grade; and mutual funds composed of investment vehicles which are legal for direct investment by local units of government in Michigan. Financial institutions eligible for deposit of public funds must maintain an office in Michigan.

The Township Board has designated two banks for the deposit of Township funds. The investment policy adopted by the Board is in accordance with Public Act 196 of 1997. The Board has authorized investment in bank accounts and CDs, but not the remainder of State statutory authority as listed above. The Township's deposits are in accordance with statutory authority. All cash deposits and investments of the Township are held by the Township in the Township's name.

At year end, the deposits and investments were reported in the basic financial statements in the following categories:

	Governmental Activities	Fiduciary - Trust & Agency Funds	Total Primary Government
Cash & Cash Equivalents	\$ 447,572	\$ 1,447	\$ 449,019

The breakdown between deposits and investments is as follows:

	Primary Government
Bank Deposits (Checking & Savings Accounts, CDs)	\$ 449,019

The bank balance of the primary government's deposits is \$449,019, of which \$200,000 is covered by federal depository insurance and \$-0- is collateralized with U.S. Treasury securities held by the pledging financial institution's trust department in the Township's name.

The GASB Statement 3 risk disclosures for the Local Unit's investments are as follows:

Investment Type	(1)	(2)	(3)	Carrying Amount	Market Value
NONE					

The cash and investments that are represented by specific identifiable investment securities are classified as to credit risk by the three categories described below:

Category 1	Insured or registered, or securities held by the Township or its agent in the Township's name.
Category 2	Uninsured and unregistered, with securities held by the counterparty's trust department or agent in the Township's name.
Category 3	Uninsured and unregistered, with securities held by the counterparty, or by its trust department or agent but not in the Township's name.

Township of Greenwood

Notes to the Financial Statements
For The Year Ended March 31, 2007

4. Property Taxes

The Township is responsible for assessing, collecting, and distributing property taxes in accordance with enabling state legislation. Property taxes become a lien on the first day of December of the levy year and might be paid by the following February 14.

Property taxes are recognized in compliance with NCGAI-3 which states that such revenue is recorded when it becomes measurable and available.

The Township levied the following taxes:

General Government Services	<u>0.9937</u> mills
Fire / Roads	<u>2.0000</u> mills

5. Interfund Receivables, Payables, & Transfers

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. These receivables and payables are classified as "Due from other funds" or "Due to other funds" on the balance sheet. The amounts of interfund receivables and payables are as follows:

	<u>Due From Other Funds</u>		<u>Due To Other Funds</u>
General Fund	\$ 1,447	Trust & Agency Fund	\$ 1,447
Total	<u>\$ 1,447</u>		<u>\$ 1,447</u>

Interfund Transfers reported in the Fund Statements are as follows:

NONE

Township of Greenwood

Notes to the Financial Statements
For The Year Ended March 31, 2007

6. Capital Assets

Capital assets activity of the Township's governmental activities was as follows:

	Balance April 1, 2006	Additions	Disposals & Adjustments	Balance March 31, 2007
Governmental Activities:				
Capital Assets not being Depreciated:	\$ 117,657	\$ -	\$ -	\$ 117,657
Capital Assets being Depreciated:				
Buildings & Building Improvements	\$ 649,878	\$ -	\$ -	\$ 649,878
Machinery & Equipment	391,279	-	-	391,279
Total Capital Assets being Depreciated	1,041,157	-	-	1,041,157
Accumulated Depreciation:				
Buildings & Building Improvements	(162,267)	(13,135)	-	(175,402)
Machinery & Equipment	(100,516)	(16,299)	-	(116,815)
Total Accumulated Depreciation	(262,783)	(29,434)	-	(292,217)
Net Capital Assets being Depreciated	778,374	(29,434)	-	748,940
Net Capital Assets	\$ 896,031	\$ (29,434)	\$ -	\$ 866,597

Depreciation expense was charged to programs of the primary government as follows:

Governmental Activities:

General Government	\$ 8,660
Public Safety	19,808
Recreation & Culture	966
Total Governmental Activities	<u>\$ 29,434</u>

Township of Greenwood

Notes to the Financial Statements
For The Year Ended March 31, 2007

7. Long-Term Debt

	<u>Interest Rate Ranges</u>	<u>Principal Maturity Ranges</u>	<u>Beginning Balance</u>	<u>Additions (Reductions)</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Township Hall Addition						
Amount of Issue - \$203,409		\$62,496 -				
Maturing through May 11, 2007	2.76%	\$70,752	\$ 133,248	\$ (70,757)	\$ 62,491	\$ 62,491
Total Governmental Activities			<u>\$ 133,248</u>	<u>\$ (70,757)</u>	<u>\$ 62,491</u>	<u>\$ 62,491</u>

Annual debt service requirements to maturity for the above governmental bond and contract obligations are as follows:

<u>Years Ending March 31,</u>	<u>Governmental Activities</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2008	\$ 62,491	\$ 1,715	\$ 64,206
Total	<u>\$ 62,491</u>	<u>\$ 1,715</u>	<u>\$ 64,206</u>

8. Reserves, Designations, and Restrictions of Fund Balance and Net Assets

Reserves- Reserved fund balances are legal restrictions on fund balance imposed by sources outside the Township, which typically involve donor restrictions for specific purposes on Township financial resource.

Designations - Designated fund balances are restrictions imposed by the Township on the use of fund balance for specific purposes.

Restricted Net Asset - Restricted Net Assets on the Statement of Net Assets are similar to reserved fund balance in that a portion of net assets are legally restricted for a specific purpose as imposed by sources outside of the Township.

The schedule of reserved, designated and restricted fund balances and net assets is as follows:

NONE

Township of Greenwood

Notes to the Financial Statements
For The Year Ended March 31, 2007

9. Deferred Compensation Plan

Employees of the Township may participate in a deferred compensation plan adopted under the provisions of Internal Revenue Code Section 457 (Deferred Compensation Plans With Respect To Service For State and Local Governments).

The deferred compensation plan is available to all employees of the Township. Under the plan, employees may elect to defer a portion of their salaries and avoid paying taxes on the deferred portion until the withdrawal date. The deferred compensation amount is not available for withdrawal by employees until termination, retirement, death, or unforeseeable emergency.

The deferred compensation plan is administered by an unrelated financial institution. Under the terms of an IRC Section 457 deferred compensation plan, all deferred compensation and income attributable to the investment of the deferred compensation amounts held by the financial institution, until paid or made available to the employees or beneficiaries, are the property of the Township subject only to claims of the Township's general creditors. In addition the participants in the plan have rights equal to those of the general creditors of the Township and each participant's rights are equal to his or her share of the fair market value of the plan assets. The Township believes that it is unlikely that plan assets will be needed to satisfy claims of general creditors that might arise.

As part of its fiduciary role, the Township has an obligation of due care in selecting the third party administrator. In the opinion of the Township's legal counsel, the Township has acted in a prudent manner and is not liable for losses that may arise from the administration of the plan.

The Plans are administered by Public Employees Benefit Services Corporation (PEBSCO). The assets and liabilities held by PEBSCO are reported at market value in the Deferred Compensation Agency Fund. The total amount payable to plan participants is reported as deferred compensation payable.

10. Deficit Fund Balance or Retained Earnings Balances of Individual Funds

None

11. Post Employment Benefits

The Township does not provide any post employment benefits other than pension benefits.

12. Risk Management

The Township is exposed to various risks of loss related to property loss, torts, errors and omissions, employee injuries, as well as medical and workman's compensation benefits provided to employees. The Township has purchased commercial insurance for the various risks of loss stated above.

Settled claims for the commercial insurance have not exceeded the amount of coverage in any of the past three years. There was no reduction in coverage's obtained through commercial insurance during the past year.

Required Supplemental Information

Township of Greenwood

Required Supplemental Information
Budgetary Comparison Schedule
General Fund
For The Year Ended March 31, 2007

	General Fund			
	Original Budget	Amended Budget	Actual	Variance with Amended Budget
Revenues				
Property Taxes	\$ 360,015.00	\$ 360,015.00	\$ 374,016.84	\$ 14,001.84
Intergovernmental Revenue	94,800.00	94,800.00	99,109.47	4,309.47
Licenses, Fee & Permits	2,000.00	2,000.00	14,246.49	12,246.49
Interest Earnings	9,000.00	9,000.00	12,483.74	3,483.74
Loan Proceeds	-	-	-	-
Hall Rent	5,000.00	5,000.00	1,650.00	(3,350.00)
Other Revenues	-	-	14,943.26	14,943.26
Total Revenues	470,815.00	470,815.00	516,449.80	45,634.80
Expenditures				
General Government				
Township Board	63,000.00	63,000.00	45,168.68	17,831.32
Supervisor	9,000.00	9,000.00	9,000.00	-
Elections	5,000.00	5,000.00	2,532.97	2,467.03
Professional Services	17,500.00	17,500.00	5,783.20	11,716.80
Assessor	14,000.00	14,000.00	11,770.79	2,229.21
Clerk	10,618.00	10,618.00	10,418.00	200.00
Treasurer	10,150.00	10,150.00	9,950.00	200.00
Township Hall Expense	54,000.00	54,000.00	29,760.17	24,239.83
Cemetery Maintenance	800.00	800.00	450.00	350.00
Board of Review	5,000.00	5,000.00	1,616.60	3,383.40
Other	7,000.00	7,000.00	4,359.51	2,640.49
Total General Government	196,068.00	196,068.00	130,809.92	65,258.08
Public Safety				
Fire Protection	87,000.00	87,000.00	58,868.66	28,131.34
Planning & Zoning	17,000.00	17,000.00	13,015.30	3,984.70
Street Lights	2,200.00	2,200.00	2,149.85	50.15
Ordinance Enforcement	2,500.00	2,500.00	2,000.00	500.00
Total Public Safety	108,700.00	108,700.00	76,033.81	32,666.19
Public Works				
Road Maintenance	329,007.00	329,007.00	208,855.58	120,151.42
Drains At Large	15,000.00	15,000.00	10,939.95	4,060.05
Rubbish Collection	51,000.00	51,000.00	50,174.40	825.60
Total Public Works	395,007.00	395,007.00	269,969.93	125,037.07
Recreation & Culture	31,000.00	31,000.00	11,580.57	19,419.43
Other Functions	33,500.00	33,500.00	25,389.25	8,110.75
Capital Outlay	-	-	-	-
Debt Service - Principal	135,000.00	135,000.00	70,757.38	64,242.62
Debt Service - Interest	5,000.00	5,000.00	3,672.35	1,327.65
Total Expenditures	904,275.00	904,275.00	588,213.21	250,491.52
Excess of Revenues Over (Under) Expenditures	(433,460.00)	(433,460.00)	(71,763.41)	296,126.32
Other Financing Sources (Uses)				
Operating Transfers In (Out)	-	-	-	-
Excess of Revenues & Operating Transfers In Over (Under) Expenditures & Operating Transfers Out	(433,460.00)	(433,460.00)	(71,763.41)	296,126.32
Fund Balance - Beginning of Year	525,497.00	525,497.00	531,959.91	6,462.91
Fund Balance - End of Year	\$ 92,037.00	\$ 92,037.00	\$ 460,196.50	\$ 302,589.23

Township of Greenwood

Required Supplemental Information
Budgetary Comparison Schedule
Building Inspection Fund
For The Year Ended March 31, 2007

	<u>Original Budget</u>	<u>Amended Budget</u>	<u>Actual</u>	<u>Variance with Amended Budget</u>
<u>Revenues</u>				
Permits	\$ 20,000.00	\$ 20,000.00	\$ 11,288.18	\$ (8,711.82)
<u>Total Revenues</u>	<u>20,000.00</u>	<u>20,000.00</u>	<u>11,288.18</u>	<u>(8,711.82)</u>
<u>Expenditures</u>				
Inspectors Fees	20,000.00	20,000.00	11,006.16	8,993.84
Pension	1,000.00	1,000.00	1,243.17	(243.17)
Other Expenditures	<u>6,500.00</u>	<u>6,500.00</u>	<u>767.49</u>	<u>5,732.51</u>
<u>Total Expenditures</u>	<u>27,500.00</u>	<u>27,500.00</u>	<u>13,016.82</u>	<u>14,483.18</u>
<u>Excess of Revenues Over (Under) Expenditures</u>	(7,500.00)	(7,500.00)	(1,728.64)	5,771.36
<u>Other Financing Sources</u>				
Operating Transfers In (Out)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>Excess of Revenues & Other Sources Over (Under) Expenditures & Other Uses</u>	(7,500.00)	(7,500.00)	(1,728.64)	5,771.36
<u>Fund Balance - Beginning of Year</u>	<u>-</u>	<u>-</u>	<u>7,460.81</u>	<u>7,460.81</u>
<u>Fund Balance - End of Year</u>	<u>\$ (7,500.00)</u>	<u>\$ (7,500.00)</u>	<u>\$ 5,732.17</u>	<u>\$ 13,232.17</u>

Other Supplemental Information

Township of Greenwood

Other Supplemental Information
Schedule of Indebtedness
March 31, 2007

CSB - Township Hall Note

Dated May 11, 2004
Original Issue \$203,409

<u>Interest Rate</u>	<u>Date of Maturity</u>	<u>Principal Outstanding</u>		<u>Annual Interest Payable</u>
		<u>March 31,</u> <u>2007</u>	<u>2006</u>	
2.76%	05/11/06	\$ -	\$ 70,757	\$ -
2.76%	05/11/07	62,491	62,491	1,725
<u>Total Notes Payable</u>		<u>\$ 62,491</u>	<u>\$ 133,248</u>	<u>\$ 1,725</u>